

Methodology Used to Compute Real Growth

- Apparent growth (or decline) is defined as movement measured in current dollars. Real growth (or decline) is defined as movement measured in constant dollars.
- To measure real growth, we have used the Consumer Price Index - All Urban Consumers (CPIU) with four years (1975, 1981, 1989, 1993) as the index of 100. For trend analysis purposes, the CPIU has been used to deflate each year's current dollars. Since each organization has been treated the same in the analysis, the result should present a fair trend of where we have invested, in real terms, over the past 7 to 25 years.
- The CPIU as the deflator may understate the real growth of many of the Department's organizations over the past 25 years. Because a majority of the resources of the organizations are used for pay and pay related benefits, the CPIU used as a deflator against pay over the past 25 years understates the real growth in organizations' resources. Why? Because federal employee legislative pay increases have been increasing at a lower rate than the consumer price index (see 4th following page).
- With 1975 as the base index of 100, the federal pay index rises to 264.1 by 1999 and an estimated 275.7 by 2000, while the CPIU index rises to 308.2 by 1999 and an estimated 315.3 by 2000.
 - An organization with 70 percent of its budget devoted to pay and pay related benefits:
 - . 1975 Budget of \$100 million
 - . 2000 Budget of \$384 million
 - . Apparent Growth \$284.0 million or 284 percent
 - . Real Growth Deflated by CPIU \$121.8 million or 21.8 percent
 - Real Growth
 - Deflated by Federal Pay Index for 70 percent of Budget related to Pay and deflated by CPIU for the remaining 30 percent of the budget \$134.0 million or 34.0 percent
 - Given that most of the organizations' resources are composed of 50 percent or more pay and pay related benefit dollars, using the CPIU as the deflator understates real resource growth in those organizations.
 - The next five pages display the CPIU data used in the analysis and the federal pay raise index compared to the CPIU for 1975 through 2000.

CONSUMER PRICE INDEX - TREND INDICATOR
ALL URBAN CONSUMERS - (CPI-U)

	CPI	CPI INDEXED TO 1993 AS BASE YEAR	CPI PERCENT CHANGE FROM 1993
1975	161.2	37.4	-62.6
1976	170.5	39.6	-60.4
1977	181.5	42.1	-57.9
1978	195.4	45.3	-54.7
1979	217.4	50.4	-49.6
1980	246.8	57.3	-42.7
1981	272.4	63.2	-36.8
1982	289.1	67.1	-32.9
1983	298.4	69.2	-30.8
1984	311.1	72.2	-27.8
1985	322.2	74.8	-25.2
1986	328.4	76.2	-23.8
1987	340.4	79.0	-21.0
1988	354.0	82.1	-17.9
1989	370.3	85.9	-14.1
1990	392.9	91.2	-8.8
1991	407.4	94.5	-5.5
1992	419.6	97.4	-2.6
1993	431.0	100.0	0.0
1994	443.9	103.0	3.0
1995	455.0	105.6	5.6
1996	468.7	108.7	8.7
1997	479.0	111.1	11.1
1998	486.2	112.8	12.8
1999	496.8	115.3	15.3
2000	508.3	117.9	17.9

1999 - 2000 Used Administration's CPIU estimate as shown in the Economic Assumptions for 1999-2004, included with the President's Budget for 2000.

1999 = 2.2%
2000 = 2.3%

**CONSUMER PRICE INDEX - TREND INDICATOR
ALL URBAN CONSUMERS - (CPI-U)**

	CPI	CPI INDEXED TO 1989 AS BASE YEAR	CPI PERCENT CHANGE FROM 1989
1975	161.2	43.5	-56.5
1976	170.5	46.0	-54.0
1977	181.5	49.0	-51.0
1978	195.4	52.8	-47.2
1979	217.4	58.7	-41.3
1980	246.8	66.6	-33.4
1981	272.4	73.6	-26.4
1982	289.1	78.1	-21.9
1983	298.4	80.6	-19.4
1984	311.1	84.0	-16.0
1985	322.2	87.0	-13.0
1986	328.4	88.7	-11.3
1987	340.4	91.9	-8.1
1988	354.0	95.6	-4.4
1989	370.3	100.0	0.0
1990	392.9	106.1	6.1
1991	407.4	110.0	10.0
1992	419.6	113.3	13.3
1993	431.0	116.4	16.4
1994	443.9	119.9	19.9
1995	455.0	122.9	22.9
1996	468.7	126.6	26.6
1997	479.0	129.3	29.3
1998	486.2	131.3	31.3
1999	496.8	134.2	34.2
2000	508.3	137.3	37.3

1975 - 1998 Actual Data from the Bureau of Labor Statistics.

1999 - 2000 Used Administration's CPIU estimate as shown in the Economic Assumptions for 1999-2004, included with the President's Budget for 2000.

1999 = 2.2%
2000 = 2.3%

**CONSUMER PRICE INDEX - TREND INDICATOR
ALL URBAN CONSUMERS - (CPI-U)**

	CPI	CPI INDEXED TO 1981 AS BASE YEAR	CPI PERCENT CHANGE FROM 1981
1975	161.2	59.2	-40.8
1976	170.5	62.6	-37.4
1977	181.5	66.7	-33.4
1978	195.4	71.8	-28.3
1979	217.4	79.8	-20.2
1980	246.8	90.6	-9.4
1981	272.4	100.0	0.0
1982	289.1	106.2	6.2
1983	298.4	109.6	9.6
1984	311.1	114.3	14.3
1985	322.2	118.3	18.3
1986	328.4	120.6	20.6
1987	340.4	125.0	25.0
1988	354.0	130.0	30.0
1989	370.3	136.0	36.0
1990	392.9	144.3	44.3
1991	407.4	149.6	49.6
1992	419.6	154.1	54.1
1993	431.0	158.3	58.3
1994	443.9	163.0	63.0
1995	455.0	167.1	67.1
1996	468.7	172.1	72.1
1997	479.0	175.9	75.9
1998	486.2	178.5	78.5
1999	496.8	182.5	82.5
2000	508.3	186.7	86.7

1975 - 1998 Actual Data from the Bureau of Labor Statistics.

1999 - 2000 Used Administration's CPIU estimate as shown in the Economic Assumptions for 1999-2004, included with the President's Budget for 2000.

1999 =	2.2%
2000 =	2.3%

**CONSUMER PRICE INDEX - TREND INDICATOR
ALL URBAN CONSUMERS - (CPI-U)**

	CPI	CPI INDEXED TO 1975 AS BASE YEAR	CPI PERCENT CHANGE FROM 1975
1975	161.2	100.0	0.0
1976	170.5	105.8	5.8
1977	181.5	112.6	12.6
1978	195.4	121.2	21.2
1979	217.4	134.9	34.9
1980	246.8	153.1	53.1
1981	272.4	169.0	69.0
1982	289.1	179.3	79.3
1983	298.4	185.1	85.1
1984	311.1	193.0	93.0
1985	322.2	199.9	99.9
1986	328.4	203.7	103.7
1987	340.4	211.2	111.2
1988	354.0	219.6	119.6
1989	370.3	229.7	129.7
1990	392.9	243.7	143.7
1991	407.4	252.7	152.7
1992	419.6	260.3	160.3
1993	431.0	267.4	167.4
1994	443.9	275.4	175.4
1995	455.0	282.3	182.3
1996	468.7	290.7	190.7
1997	479.0	297.1	197.1
1998	486.2	301.6	201.6
1999	496.8	308.2	208.2
2000	508.3	315.3	215.3

1975 - 1998 Actual Data from the Bureau of Labor Statistics.

1999 - 2000 Used Administration's CPIU estimate as shown in the Economic Assumptions for 1999-2004, included with the President's Budget for 2000.

1999 = 2.2%

2000 = 2.3%

FEDERAL PAY RAISE INCREASES
1975 - 2000

	PAY 1975 BASE INDEX	PERCENT PAY INCREASE	CPI 1975 BASE INDEX
1975	100.0	0.00	100.0
1976	105.0	5.00	105.8
1977	110.4	5.17	112.6
1978	118.2	7.03	121.2
1979	124.6	5.46	134.9
1980	133.4	7.02	153.1
1981	145.5	9.11	169.0
1982	152.5	4.80	179.3
1983	158.6	4.00	185.1
1984	165.0	4.00	193.0
1985	170.8	3.50	199.9
1986	170.8	0.00	203.7
1987	175.9	3.00	211.2
1988	179.4	2.00	219.6
1989	186.7	4.10	229.7
1990	193.5	3.60	243.7
1991	201.4	4.10	252.7
1992	209.9	4.20	260.3
1993	217.6	3.70	267.4
1994 #	226.8	4.23	275.4
1995 #	234.1	3.22	282.3
1996 #	239.8	2.40	290.7
1997 #	247.7	3.33	297.1
1998 #	254.7	2.80	301.6
1999 #	264.1	3.68	308.2
2000 @	275.7	4.40	315.3

Includes the Locality Pay increase for the Washington, DC locality.

@ The 2000 pay increase is the estimate furnished by the Administration.